

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MODIFICATION OF MAIL CLASSIFICATION SCHEDULE
REGARDING REPLY RIDES FREE WEIGHT LIMIT

Docket No. MC2011-27

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 1
(August 10, 2011)

The United States Postal Service hereby provides its response to Chairman's Information Request No. 1, issued on August 4, 2011. Each question is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

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August 10, 2011

RESPONSE OF UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 1

1. Please confirm that the proposed change to the Reply Rides Free program results in a rate decrease.

RESPONSE:

The Postal Service confirms that, similar to the original program, the proposed changes would provide an effective rate reduction for customers who qualify for a rebate in the Reply Rides Free program, and enter pieces that weigh between 1.2 and 2 ounces during the period September 1 through December 31, 2011.

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2. In Order No. 606 (originally approving Reply Rides Free), the Commission found that "it is appropriate to treat the incentive program in the manner of negotiated service agreement volumes under rule 3010.24(a), thereby excluding the effect of the incentives in the program from the percentage change in rates used to compute unused rate adjustment authority."¹ Please confirm that for the proposed change to the Reply Rides Free program, the Postal Service seeks continued treatment under rule 3010.24(a).

RESPONSE:

Confirmed.

¹ Docket No. R2011-1, Order Approving Market Dominant Classification And Price Changes, and Applying Price Cap Rules, December 10, 2010, at 19 (Order No. 606).

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3. Please provide the expected volume and revenue for Reply Rides Free assuming the "no more than 2 ounces" weight limit is approved.

RESPONSE:

The Postal Service expects qualifying Reply Rides Free volume of about 18 million pieces. Assuming a typical base price of 49 cents per piece (for 2-ounce, 3-digit automation letters), and rebates of 12.5 cents per piece (2nd ounce postage), the resulting revenue is 18 million times 36.5 (49-12.5) cents per piece, or \$6.6 million.